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15 UNITED STATES DISTRICT COURT
16 EASTERN DISTRICT OF CALIFORNIA
17 SACRAMENTO DIVISION

18 SECURITIES AND EXCHANGE
19 COMMISSION,

20 Plaintiff,

21 v.

22 SECURE INVESTMENT SERVICES, INC.,
23 AMERICAN FINANCIAL SERVICES, INC.,
24 LYNDON GROUP, INC., DONALD F.
25 NEUHAUS, and KIMBERLY A. SNOWDEN,

26 Defendants.

Case No. 2:07-cv-001724 GEB CMK

**EXAMINER'S THIRD INTERIM
FEE APPLICATION**

Date: April 6, 2009
Time: 9:00 a.m.
Courtroom: 10

27 TO THE HONORABLE UNITED STATES DISTRICT COURT:

28 Examiner Steven A. Harr ("Examiner") moves for an order directing payment of his
fees and expenses and that of his counsel herein, respectfully stating:

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Facts

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2 1. This Application covers principally the period from August 28, 2008 through
3 January 15, 2009. Billing statements showing the specific activities of the Examiner are set
4 forth on the attached Exhibit "A."

5 2. In summary, during the period covered by this Application, the Examiner
6 primarily acted to respond to investor inquiries. The Examiner's counsel and his local counsel
7 also complied with the local rules relative to motions filed by other parties, and complied with
8 administrative requirements, such as preparing filings like this Application.

9 3. During the period covered by this Application, the issues raised by investors
10 primarily concerned the policies that the Receiver was authorized to abandon last summer.
11 As the Receiver has expressed in other filings, when the Receiver advised investors that he
12 was authorized to abandon policies in which he had a limited interest, most investors chose to
13 transfer their ownership to the Receiver rather than seek alternative means of organizing
14 themselves to support the policies. This left a few investors who now represented a minority
15 with respect to a number of policies. The Receiver concluded that these investors were
16 unfairly benefiting from the resulting situation. The Receiver conferred with the Examiner and
17 the SEC about the situation, and ultimately decided to approach the Court with the
18 recommendation that these investors be given the choice of paying a portion of the premiums
19 or transferring their ownership as well. The Court approved the Receiver's recommendation
20 with respect to a number of policies and has continued to rule consistently with respect to
21 additional policies. In the course of these events, many investors wished to obtain information
22 from the Examiner and to discuss various issues with the Examiner related to these
23 developments. Additionally, a number of investors wished to comment to the Examiner as to
24 their preference relative to selling or holding the portfolio, and to discuss the most appropriate
25 overall course of action to be taken. In these discussions, it is clear that there are risks
26 associated with either approach. On the one hand, selling the portfolio has the advantage of
27 reducing the current value to a known amount, but also the risk of losing a potential maturity.
28 Conversely, holding the portfolio has the advantage of a large potential upside, but also the

1 risk that the premium debt will exceed the salvage sale value of the portfolio and investors will
 2 receive nothing. On balance, investors continue to favor holding the portfolio, but many
 3 investors have wished to discuss the matter with the Examiner and/or his agents at some
 4 length. The Examiner is continuing to evaluate this issue as well.

5 4. As shown on Exhibit "A," the total amount sought for this period is \$13,450.50.
 6 Specifically, the fees and expenses incurred are as follows:

Invoice No.	Bill Date	Fees	Cost	Total
MGS19830	10/8/2008	85.50	0.00	85.50
MH10206124	10/21/2008	4,113.00	29.54	4,142.54
MGS19957	11/10/2008	453.00	59.80	512.80
MH10209323	12/1/2008	2,104.00	7.38	2,111.38
MGS20066	12/13/2008	313.50	85.22	398.72
MH10211255	1/23/2009	5,432.00	567.56	5,999.56
MGS20129	1/16/2009	200.00	0.00	200.00
		12,701.00	749.50	13,450.50

13 These fees and expenses were reasonable and were necessarily incurred by the Examiner in
 14 carrying out the duties assigned to him herein.

15 **Applicable Legal Standards**

16 5. Although the present matter is an equitable receivership, analogous cases
 17 involving bankruptcy estates set forth an appropriate standard for evaluating applications for
 18 compensation. See Pennsylvania v. Delaware Valley Citizens Counsel for Clean Air, 478 U.S.
 19 546 (1986); Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir. 1974); Lindy
 20 Brothers Builders, Inc. v. Am. Radiator and Standard Sanitary Corp., 540 F.2d 102 (3rd Cir.
 21 1976); Copper Liquor, Inc. v. Adolph Coors Co., 624 F.2d 575 (5th Cir. 1980) ("Copper I") and
 22 Copper Liquor, Inc. v. Adolph Coors Co., 684 F.2d 1087 (5th Cir. 1982) ("Cooper II"); Hensley
 23 v. Eckerhart, 461 U.S. 424, 103 S. Ct. 1933, 76 L.Ed.2d 40 (1983); In re Blum v. Stenson, 465
 24 U.S. 886, 104 S.Ct. 1541, 79 L.Ed.2d 891 (1984); see also Meronk v. Arter & Hadden, LLP (In
 25 re Meronk), 249 B.R. 208, 213 (9th Cir. BAP 2000), aff'd, 24 Fed. Appx. 737 (9th Cir. 2001)
 26 (citing Burgess v. Klenske (In re Manoa Fin. Co.), 853 F.2d 687 (9th Cir. 1988)); In re
 27 Buckridge, 367 B.R. 191 (Bankr. C.D. Cal. 2007) (citing Kerr v. Screen Extras Guild, Inc., 526
 28 F.2d 67, 70 (9th Cir. 1975), cert. denied, 425 U.S. 951, 96 S.Ct. 1726, 48 L.Ed.2d 195 (1976)).

1 these fees is subject to the limited and uncertain liquidity of the Receivership Estate,
2 as well as the potential for delays occasioned by the process of seeking approval by
3 this Court.

4 (7) Time Limitations. The Examiner and his counsel have been required to
5 respond promptly to investors. The Examiner has been unable to handle the volume
6 of inquiries personally at certain times and has therefore relied, in part, on his counsel
7 and staff for assistance.

8 (8) Amounts Involved and Results Obtained. This case involves in excess
9 of 600 investors who invested over \$31 million. Many have their life savings at stake.
10 As a result, the attention required to this matter in view of its seriousness is significant.
11 The results obtained by the Examiner are intangible, however, and difficult to measure.

12 (9) Counsel's Experience, Reputation and Ability. As noted above, the
13 Examiner and his counsel have directly relevant experience that has allowed them to
14 respond to this situation without incurring nearly as much time and expense as others
15 might under similar circumstances. The Examiner's counsel was not retained on the
16 basis of a particular reputation, although his counsel is regarded as good among those
17 familiar with securities enforcement receiverships.

18 (10) Undesirability. This matter is not undesirable.

19 (11) Nature and Length of Relationship. The Examiner retained the firm of
20 which he is a member.

21 (12) Awards in Similar Actions. This is a relatively modest application
22 compared to fees charged in similar cases for similar services. Mainly, this was
23 achieved because of the experience of the Examiner and his counsel in a related
24 action, and in other, similar actions.

25 Conclusion

26 8. For the foregoing reasons, the Examiner requests approval and payment of
27 compensation for services rendered and reimbursement of actual and necessary out-of-
28 pocket expenses incurred as more fully set forth in the invoices attached as Exhibit "A."

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Dated: March 6, 2009

Respectfully submitted,
MUNSCH HARDT KOPF & HARR, P.C.

/s/ Dennis L. Roossien, Jr.
Dennis L. Roossien, Jr.

MENNEMEIER, GLASSMAN & STROUD LLP

/s/ Kenneth C. Mennemeier
Kenneth C. Mennemeier

COUNSEL FOR EXAMINER

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